

RECEIVED

JUN 16 2008

**PUBLIC SERVICE
COMMISSION**

The Law Offices of

WILSON, HUTCHINSON & POTEAT

611 Frederica Street
Owensboro, Kentucky 42301
Telephone (270) 926-5011
Facsimile (270) 926-9394

William L. Wilson, Jr.
Mark R. Hutchinson
T. Steven Poteat
T. Tommy Littlepage

bill@whplawfirm.com
randy@whplawfirm.com
steve@whplawfirm.com
tommy@whplawfirm.com

OVERNIGHT DELIVERY

June 13, 2008

2008-00222

Honorable Stephanie Stumbo
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
PO Box 615
Frankfort, Kentucky 40602

RE: Atmos Energy Corporation
Application for Order Authorizing the Issuance of up to
1,000,000 additional Shares of Common Stock.

Dear Ms. Stumbo:

I am enclosing herewith an original, plus eleven (11) copies of Atmos' Application for Order Authorizing the Issuance of up to 1,000,000 Shares of Common Stock. Please return a filed stamped copy to me. Thanks.

Very truly yours,



Mark R. Hutchinson

BEFORE THE
PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED
JUN 16 2008
PUBLIC SERVICE
COMMISSION

IN THE MATTER OF THE APPLICATION)
OF ATMOS ENERGY CORPORATION)
FOR AN ORDER AUTHORIZING THE)
ISSUANCE OF UP TO 1,000,000)
SHARES OF COMMON STOCK)
THROUGH THE ATMOS ENERGY)
CORPORATION RETIREMENT SAVINGS)
PLAN)
)
)
)

CASE NO. 2008- 00222

APPLICATION

1. Pursuant to KRS 278.300, and all other applicable law, Atmos Energy Corporation ("Applicant" or "Atmos"), files its Application herein for an Order authorizing the issuance of up to 1,000,000 additional shares of Common Stock, no par value, of Applicant (the "Shares") through and pursuant to the Atmos Energy Corporation Retirement Savings Plan and Trust ("RSP").

2. Atmos seeks an Order of the Commission granting it the authority to issue up to 1, 000,000 shares of no par value Common Stock of the Company pursuant to the RSP. The RSP is intended to meet the requirements of Sections 401(a) and 501(a) of the Internal Revenue Code of 1986, as amended, and was adopted by Applicant on October 18, 1983. Under the terms of the RSP, Applicant will match every dollar invested by an employee in the RSP up to a maximum of 4% of the employee's annual salary. The RSP therefore provides Applicant's employees with a systematic means of providing additional security for retirement or future financial needs and an opportunity to become stockholders in Applicant, thereby strengthening their direct interest in the progress and success of Applicant. The Commission previously authorized the issuance of shares pursuant to the RSP in Case No. 2006-00180.

3. The issuance of the shares is necessary for the routine operation of the RSP and will provide Applicant with additional sources of capital. Applicant will use the same to fund its capital expenditures, reduce debt, improve its capitalization ratios and preserve its credit ratings.

4. The issuance of the Shares will increase Applicant's equity to debt ratio and further strengthen Applicant's strong position as a financially sound public utility and lower its cost of capital. Therefore, approval of this Application is in the public interest because it will allow Applicant to obtain more favorable financing of its operations and allow it to continue to provide safe and adequate service to its customers.

5. The issuance of the Shares will be registered with the Securities and Exchange Commission ("SEC").

6. Applicant, a Virginia and Texas Corporation, is duly qualified under the laws of Kentucky to carry on its business in the Commonwealth of Kentucky. Applicant operates a public utility in the business of purchasing, transmitting and distributing natural gas to residential, commercial and industrial users in western and south central Kentucky.

7. Company's principal operating office and place of business in the state of Kentucky is located at 2401 New Hartford Road, Owensboro, Kentucky 42303. The post office address of Applicant is P.O. Box 650205, Dallas, Texas 75265-0205.

8. A certified copy of Applicant's Restated Articles of Incorporation as Amended, together with all amendments thereto, is attached hereto as Exhibit A

9. Correspondence and communications with respect to this Application should be directed to:

Mark Martin
Vice President, Rates and Regulatory Affairs
Atmos Energy Corporation
2401 New Hartford Road
Owensboro, Kentucky 42303

Douglas C. Walther
Associate General Counsel
Atmos Energy Corporation
P.O. Box 650205
Dallas, Texas 75265-0205

Mark R. Hutchinson
Attorney at Law
611 Frederica Street
Owensboro, Kentucky 42301

10. Pursuant to KRS 278.300, the Applicant respectfully requests expedited consideration of this Application so that the Shares may be issued at an early date.

11. To comply with the requirements of 807 KAR 5:001, Sections 6 and 11 of the Commission's Administrative Regulations, there is attached hereto and incorporated herein by reference, Exhibit B, which contains all of the financial information therein required. A copy of the Board of Directors Resolutions authorizing the issuance is attached as Exhibit C.

12. Pursuant to 807 KAR 5:001, Section 11(2)(b), true and correct copies of Applicant's outstanding deeds of trust and mortgages are on file in the records of the Commission and the same are incorporated herein by reference. See, *In Re The Matter of the Application of Atmos Energy Corporation for Authorization to Issue Additional Shares*, Case No. 97-351.

WHEREFORE, Atmos respectfully requests that the Commission authorize by appropriate order or certificate the issuance by Applicant of up to 1,000,000 shares of Common Stock through and pursuant to the RSP as herein requested.

Respectfully submitted on this 13 day of ^{June}~~May~~, 2008.

Douglas C. Walther
Associate General Counsel
Atmos Energy Corporation
P.O. Box 650205
Dallas, Texas 75265-0205

Mark R. Hutchinson
Attorney at Law
611 Frederica Street
Owensboro, Kentucky 42301

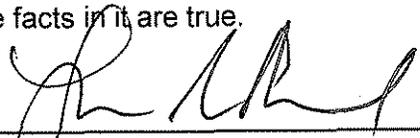
COUNSEL FOR ATMOS ENERGY CORPORATION

By:  _____

VERIFICATION

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

The undersigned, being under oath, says that she is the Vice President and Treasurer of Atmos Energy Corporation, that she has read the above and foregoing Application, she has personal knowledge and that the facts in it are true.



Laurie M. Sherwood
Vice President and Treasurer
Atmos Energy Corporation

Subscribed and sworn to before me this 5 day of June, 2008, by Laurie M. Sherwood, as Vice President and Treasurer of Atmos Energy Corporation, on behalf of the said corporation.



Notary Public, State of Texas

EXHIBIT A

ARTICLES OF INCORPORATION

KENTUCKY
EXHIBIT B

References preceding each subpart of this Exhibit pertain to subsections of Sections 6 and 11 of 807 KAR 5:001.

Atmos Energy Corporation operates in Kentucky through its Kentucky division. The following includes information for Atmos Energy Corporation (unless otherwise stated) since the Kentucky division does not have a separate capital structure or authorized stock.

6(1) **Amount and kinds of stock authorized**

As of March 31, 2008 Atmos Energy Corporation had 200,000,000 shares of common stock (no par value) authorized.

6(2) **Amount and kinds of stock issued and outstanding**

As of March 31, 2008 Atmos Energy Corporation had 80,922,830 shares of common stock issued and outstanding.

6(3) **Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets or otherwise.**

Atmos Energy Corporation has no preferred stock.

6(4) **Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of indebtedness actually secured, together with any sinking fund provisions.**

Atmos has one mortgage related to bonds assumed in the merger with United Cities on July 31, 1997. A copy of the mortgage was submitted with the Application of Atmos Energy Corporation in Case No. 2007-00098.

| <u>First Mortgage Bonds</u> | <u>Original Issue</u> | <u>Bonds Outstanding 3/31/2008</u> | <u>Interest accrued for 12 months ended 3/31/2008</u> |
|----------------------------------|---------------------------|--------------------------------------------|-------------------------------------------------------------------|
| 10.43% Series P, due 11/01/17 | \$25,000,000 10/01/87 | \$6,250,000 | \$ 727,927 |
| | | \$ 6,250,000 | \$ 727,927 |

Note that the Series P, first mortgage bond will be repaid on May 30, 2008.

6(5) Amount of bonds authorized, and amount issued, giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with amount of interest paid thereon during the last fiscal year.

Please refer to 6(4) above.

6(6) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last fiscal year.

Outstanding Notes of Applicant are as follows:

| <u>Description</u> | <u>Date of Issue</u> | <u>Amount Outstanding at 3/31/2008</u> | <u>Date of Maturity</u> | <u>Rate of Interest</u> | <u>In favor of</u> | <u>Interest Accrued for 12 months ended 3/31/2008</u> |
|--------------------|----------------------|----------------------------------------|-------------------------|-------------------------|----------------------|-------------------------------------------------------|
| Sr. Notes | 10/18/04 | 0 * | 10/15/07 | 5.73% | Public | 10,170,474 |
| Sr. Notes | 10/18/04 | 400,000,000 | 10/15/09 | 4.000% | Public | 17,142,045 |
| Sr. Notes | 05/15/01 | 350,000,000 | 05/15/11 | 7.375% | Public | 26,811,789 |
| Note | 12/31/91 | 1,151,654 | 12/31/11 | 10.0% | Kingdom Foundation | 115,165 |
| Note | 12/31/91 | 1,151,654 | 12/31/11 | 10.0% | Michael D. Fredricks | 115,166 |
| Sr. Notes | 01/16/03 | 250,000,000 | 01/15/13 | 5.125% | Public | 13,526,278 |
| Sr. Notes | 10/18/04 | 500,000,000 | 10/15/14 | 4.950% | Public | 26,177,556 |
| Note | 12/15/95 | 10,000,000 | 12/15/25 | 6.67% | Cede & Co. | 667,000 |
| Note | 12/19/95 | 10,000,000 | 12/19/10 | 6.27% | Cede & Co. | 627,000 |
| Debentures | 07/15/98 | 150,000,000 | 07/15/28 | 6.75% | U.S. Bank as Trustee | 10,553,267 |
| Sr. Notes | 10/18/04 | 200,000,000 | 10/15/34 | 5.950% | Public | 12,471,022 |
| Sr. Notes | 6/14/07 | 300,000,000 | 6/15/07 | 6.35% | Public | 12,567,708 |
| | | <u>\$2,128,553,308</u> | | | | <u>\$131,672,397</u> |

* Amount was repaid on July 15, 2007.

6(7) Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been

transferred, together with amount of interest paid thereon during the last fiscal year.

Other indebtedness of Atmos Energy Corporation is as follows:

| <u>Description</u> | <u>Lender</u> | <u>Amount Outstanding at 3/31/2008</u> | <u>Rate of Interest</u> | <u>Interest Accrued for 12 Months Ended 3/31/2008</u> |
|------------------------------------------------------------------------------------------------------------|------------------------|----------------------------------------|---------------------------------------------------------------|-------------------------------------------------------|
| Committed Lines of Credit: | | | | |
| One-year credit facility for up to \$18,000,000 renegotiated effective April 1, 2005 | Amarillo National Bank | \$ 0 | Short-term rate based upon option chosen at time of borrowing | \$ 14,338 |
| 364-Day Revolving Credit Agreement for up to \$300,000,000 and Three Year Revolver for up to \$600,000,000 | SunTrust Bank | \$ 0 | Short-term rate based upon option chosen at time of borrowing | 1,210,856 |
| TOTAL COMMITTED LINES | | <u>\$ 0</u> | | <u>\$1,225,194</u> |

| <u>Description</u> | <u>Lender</u> | <u>Amount Outstanding at 3/31/2008</u> | <u>Rate of Interest</u> | <u>Interest Accrued for 12 Months Ended 3/31/2008</u> |
|-------------------------------------------|------------------------------------|----------------------------------------|---------------------------------------------------------------|-------------------------------------------------------|
| Uncommitted Money Market Lines of Credit: | | | | |
| Credit facility for up to \$25,000,000 | KBC Bank | \$ 0 | Short-term rate based upon option chosen at time of borrowing | \$ 43,401 |
| \$600,000,000 Commercial Paper Program | Merrill Lynch JP Morgan as dealers | \$ 0 | Money market rate as quoted | \$ 3,414,308 |
| TOTAL UNCOMMITTED LINES | | <u>\$ 0</u> | | <u>\$ 3,457,709</u> |
| TOTAL LINES OF CREDIT | | <u>\$ 0</u> | | |

6(8) Rate and amount of dividends paid during the five (5) previous fiscal years and the amount of capital stock on which dividends were paid each year.

The following is Atmos Energy Corporation's dividend history for the past five fiscal years. The Atmos dividend rate, the amount of dividends paid and average shares have been restated to include United Cities distributions.

| <u>Fiscal Year Ended Sept 30</u> | <u>Atmos Dividend Rate</u> | <u>Amount of Dividends Paid</u> | <u>Average Shares For Each Fiscal Year</u> |
|--------------------------------------|------------------------------------|-----------------------------------------|----------------------------------------------------|
| Fiscal 2003 | \$1.20 | \$55,290,637 | 46,496,000 |
| Fiscal 2004 | \$1.22 | \$66,736,243 | 54,416,000 |
| Fiscal 2005 | \$1.24 | \$98,977,652 | 79,012,000 |
| Fiscal 2006 | \$1.26 | \$102,275,352 | 81,390,000 |
| Fiscal 2007 | \$1.28 | \$111,663,654 | 87,745,000 |

6(9) Detailed income statement and balance sheet.

The following is the separate company income statement and balance sheet for the utility operations of Atmos Energy Corporation.

**ATMOS ENERGY CORPORATION
STATEMENT OF INCOME
FOR THE TWELVE MONTHS ENDED
March 31, 2008
(Thousands of Dollars)
(Unaudited)**

| | |
|--------------------------------------------------------------------|------------------|
| Operating revenues | \$ 3,475,988 |
| Purchased gas cost | <u>2,327,620</u> |
| Gross profit | 1,148,368 |
| Operating expenses: | |
| Operation and maintenance | 451,014 |
| Depreciation and amortization | 193,072 |
| Taxes, other than income | <u>176,616</u> |
| Total operating expenses | <u>820,702</u> |
| Operating income | 327,666 |
| Other income | 12,787 |
| Interest charges and other expenses | 153,507 |
| Equity in earnings of unconsolidated non-regulated subsidiaries | <u>41,354</u> |
| Income before income taxes | 228,300 |

Income taxes

62,237

Net income

\$ 166,063

ATMOS ENERGY CORPORATION
BALANCE SHEET
March 31, 2008
(Thousands of Dollars)
(Unaudited)

ASSETS

| | |
|------------------------------------------------|---------------------|
| Property, plant and equipment | \$ 5,441,606 |
| Less accumulated depreciation and amortization | <u>1,548,500</u> |
| Net property, plant and equipment | \$ 3,893,106 |
| Investments in and advances to subsidiaries | 353,945 |
| Current assets | |
| Cash and cash equivalents | 38,231 |
| Accounts receivable, net | 454,170 |
| Inventories | 4,826 |
| Gas stored underground | 220,297 |
| Other current assets | 38,752 |
| Deferred gas costs | 41,113 |
| Intercompany, net | <u>(29,341)</u> |
| Total current assets | 768,048 |
| Goodwill | 700,265 |
| Deferred charges and other assets | <u>218,859</u> |
| | <u>\$ 5,934,223</u> |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | |
|------------------------------------------|---------------------|
| Shareholders' equity | |
| Common stock | \$ 451 |
| Additional paid-in capital | 1,722,056 |
| Retained earnings | 407,464 |
| Accumulated other comprehensive loss | <u>(3,978)</u> |
| Shareholders' equity | 2,125,993 |
| Long-term debt | <u>2,119,012</u> |
| Total capitalization | 4,245,005 |
| Current liabilities: | |
| Current maturities of long-term debt | 6,250 |
| Short-term debt | 16,100 |
| Accounts payable and accrued liabilities | 457,941 |
| Taxes payable | (891) |
| Customers' deposits | 81,901 |
| Deferred gas costs | 17,633 |
| Other current liabilities | <u>176,673</u> |
| Total current liabilities | 755,607 |
| Deferred income taxes | 410,033 |
| Deferred credits and other liabilities | <u>523,578</u> |
| | <u>\$ 5,934,223</u> |

- 11(a) The Applicant's property is comprised primarily of gas utility plant and related facilities of a local distribution company operating in Illinois, Iowa, Georgia, Tennessee, Virginia, Colorado, Kansas, Missouri, Kentucky, Texas, Mississippi and Louisiana and transmission plant of a regulated intra-state pipeline in Texas. At March 31, 2008, the cost to the Applicant was \$5,441,605
- 11(b) Atmos Energy proposes to issue up to 1,000,000 in additional shares of Common Stock, no par value.
- 11(c) The shares are to be issued for Atmos Energy Corp's Retirement Savings Plan.
- 11(d) Please refer to 11(c) above.
- 11(e) Please refer to 11(c) above.
- 11(2) (a) Please refer to 6(1) through 6(9) above.
- 11(2) (b) The mortgage earlier described in 6(4) has previously been filed with the Commission in Case No. 2007-00098.
- 11(2) (c) Not applicable.